Remarks at the Second Session of the White House Conference on the New Economy

April 5, 2000

The President. Thank you very much. Well, I hope you've enjoyed the conference to date. I heard the breakout sessions were wonderful. One of the things that I have not yet been able to do, although I still have hope that quantum physics will enable one of my successors to be in five places at once, but I haven't figured out how to do it yet. I'm delighted that you're all here again.

After Mr. Greenspan speaks, we will have our two final panels, one on closing the global divide in education, health, and technology, and the second on strengthening civil society and empowering our citizens with new economic tools.

The afternoon discussions will take up where the last one left off. This morning we had a panel which acknowledged that this new economy presents phenomenal opportunities and new challenges. The next panel will explain that the stakes are even higher for developing countries and, by extension, for poor areas within our own country. Today, there are more phone lines in Manhattan than there are in all of Africa. So we can imagine what the information infrastructure could mean to that entire continent.

I want to discuss in the panel what we can actually do to help deal with a lot of these challenges, and I also hope in the second panel we will discuss not only how we, as citizens, relate to each other, our communities, and our Government but how Government itself should change in the information age.

Now, I want to introduce Chairman Greenspan by saying first that, as far as I know, he was one of the first people to speak of the new economy, the impact of information technology, and the extent to which it has rewritten the rules. Of course, he's done more than talk about it. His analysis has helped to shape the public's understanding of this powerful transformation, and his decisions have helped it to continue in our country apace.

We're grateful for his 12 years of stewardship at the Federal Reserve. We're grateful that despite the seismic shifts in the global economy, he's kept his feet firmly planted on the ground.

For 7 years now, I've had elaborate instructions from the Secretary of the Treasury and from all my staff about what I was supposed to say and not say—[*laughter*]—about the Fed's decisions and about the Chairman of the Fed. One of our major newspapers ran a story a couple of months ago referring to us as the "Odd Couple." I took it as a compliment—[*laughter*]—and I hope he wasn't too chagrined.

Ladies and gentlemen, the Chairman of the Federal Reserve.

[*Chairman Alan Greenspan made remarks.*]

The President. Thank you very much, Chairman Greenspan.

I'd like to now begin the panel. The topic of this discussion is "The Global Divide in Health, Education, and Technology." This is something that, also, as I have said before, exists within each country. We have attempted to address it here and are attempting to do more with our new markets initiative and our efforts to close the digital divide.

But I think it's clear to all of us that we have a special responsibility and, indeed, a real opportunity to make a better world, including for those of us who live in wealthy countries, by addressing this issue globally. The United States has supported substantial debt relief for the poorest nations. We have attempted to craft a response to climate change, which would enable sustainable economies to be developed in poorer countries with our help, and we have tried some microeconomic approaches with our aid programs.

Last year, for example, the Agency for International Development funded some 2 million microenterprise loans in Africa, Asia, and Latin America. But there is a great deal yet to be done. And we have a truly amazing panel, and I want to thank them all for being here.

I want to begin by calling on Bill Gates, the founder and chairman of Microsoft. And I want to say, I have noticed in my many trips to Silicon Valley and other repositories of the new economy, that while there are a lot of people who have amassed amazing

amounts of wealth, I see more and more younger Americans more concerned about what they can do with their wealth to benefit the society and to solve the larger problems of the world than how they can spend it. And the Gates Foundation has made some phenomenal commitments to the education of minorities in America and to dealing with a lot of our most profound global problems. And I want to thank you for that, Bill, and offer you the floor.

[*Mr. Gates made brief remarks.*]

The President. Let me just say, briefly, we had a meeting here, as you know, I think, with the major pharmaceutical companies in our country not very long ago to discuss what we could do with them to give them tax incentives and other support to help to develop vaccines in areas where most of the users will be in countries that are too poor to pay market prices for the vaccines. So I do think that we—and I hope our European colleagues will follow us—should take the lead in providing financial incentives so that these vaccines can, a, be developed and then, b, delivered. I think this is profoundly important.

If you just think about malaria, TB, and AIDS, just take those three, the difference it could make if we developed the vaccines and then got them out would be quite profound. And the fact that we have so much of a commitment from you I think will make a real difference, and I thank you.

I want to call now on the President of the World Bank, Jim Wolfensohn, who from the first day he took office, has really had as a critical part of his mission bridging these divides in traditional and in new and innovative ways.

Mr. Wolfensohn.

[*Mr. Wolfensohn made brief remarks.*]

The President. To give you some idea of the dimension of the education issue, there are about 125 million primary-school-aged children in the world who are not in primary school—elementary school, 40 million of them in sub-Saharan Africa. That 125 million figure is about the same number of kids, the total number of kids, in grade school in the United States and Europe.

So there is the issue of getting them in; then there is the issue of what their opportunities are when they get there. And I hope there will be more discussion about this. But it occurs to me that one of the things we always see—I was in a little school in Uganda where they're very proud of the fact that all their children are going to elementary school. These beautiful children in their beautiful starched pink uniforms were in this old school looking at a map that had the Soviet Union on it.

But if you could put a computer with a printer in every small village in every developing country, they wouldn't need textbooks anymore because, among other things, the Encyclopedia Britannica is entirely on the Internet. So we need to really be thinking about things like this in different ways.

I'd like to now call on Henry Cisneros, who did yeoman's duty in this administration's first term as the Secretary of Housing and Urban Development and is now the CEO of Univision, where he has more influence than he did in the President's Cabinet, I'm sure. [*Laughter*]

Henry.

[*Mr. Cisneros made brief remarks.*]

The President. I'd like to now call on Dr. Amartya Sen, who won the Nobel Prize in 1998 for his magnificent work on poverty, ethics, and economics, and who has come from Cambridge University to be with us.

Thank you, sir. We're honored to have you here.

[*Dr. Sen made brief remarks.*]

The President. Now I'd like to call on Mirai Chatterjee, who is the secretary of the Self Employed Women's Association of India. I met her recently in Mumbai, when I took a couple of hours just to have a little roundtable with some of the younger people that I believe are shaping the future of her country. And I'm very interested in her comments not only about what she is doing, but about how her efforts might be amplified by the availability of new technologies.

Thank you for coming this long way to be with us.

[*Ms. Chatterjee made brief remarks.*]

The President. Well, I have a couple of things I want to say about that, but I want to wait until our last panelist has a chance to speak. And again, I thank both of you for coming such long distances to be with us.

I'd like to now call on Bob Chase, who is the president of the National Education Association and has been a leading advocate for closing the educational divides in our country.

Bob.

[*Mr. Chase made brief remarks.*]

The President. I want to call on anyone who has a question or a comment from the floor. But first, I'd like to make four points very briefly about what our panelists have said, because I find this not only fascinating but profoundly important to our future.

First of all, with regard to the health issue, while I think the vaccine matter is terribly important, we haven't mentioned something that may be even more important: clean water. We should all be investing more in clean water.

I visited a West African village on the edge of the desert in Senegal where Dorothy Height, a great American citizen, and her United Council of Negro Women had joined with our Government in building a new well and securing a fresh source of water so that the children could be healthy, and there was a sustainable agricultural environment. And all of a sudden, all the young people started coming home from Dakar back to their village to work and live, sort of like what Mirai told you about the Indian village.

I think that if you look at the number of children who die from diarrhea every year, it is inconceivable that we can meet this health challenge without both a commitment to the vaccine issue and to clean water.

The second point, Dr. Sen talked about the importance of democracy in India and throughout the world. And then you thanked me for going to Rajasthan, and you talked about how backward it used to be. They are convinced, the people in the little village of Naila I visited, that the reason that things are happening is because of the local government law which was passed a few years ago, which guaranteed that various tribes, various castes, and a certain percentage of women would be represented in every local government.

And when I was there in this very poor little village, among other things I saw that they had a computer that operated in both Hindi and English—and they assured me they had the software to put it into other languages—that even a person with basic literacy skills could operate. And I saw a young mother come in and call up a website from the Health Department in India on what you should do in your children's first 6 months, with very great software visuals. And they had a printer, so she got to print out information that looked to me to be about as good as she could get at a doctor's office here in Chevy Chase.

And I will say again, their goal is, in the State, to have one of these in a public place in every village in the State of Rajasthan within 3 years, that has all the information from the national and State government on it. The same principle would apply if you could have one in every village for the school children, with a printer. Somebody has to pay for it; somebody has to pay for the paper. But it's still—the economies to scale are much different than they would be otherwise.

In Hyderabad, which is a wealthier place obviously, the chief ministers, their goal is within a year and a half to have in every village every State service on the Internet. For example, as poor as India is, a lot of people own cars, and you can now get your driver's license over the Internet, which as I said already a couple of times since I got back, any American Governor who did that would find all the term limits laws repealed. He'd be elected for life. [*Laughter*] This is very important.

So I think we should—I just say this to point out that the local governments work. I also saw in this small village a women's dairy cooperative. They had a simple little machine that tested the fat content of their milk. It doubled their income. They also entered all their transactions on a computer. They got computerized records every week. And they were making lots more money than had ever been made in this modest industry before because of technology and the women's self-help organization. So I do think democracy

and local government have a lot to do with it.

The third point I'd like to make is that the reason I wanted Mirai to come here is that in the 7 years I have been President, I've been privileged to represent this country, as my critics never fail—tire of saying, in more nations than any other President in history. And in every continent I visited, the self-help organizations of poor people are the most impressive groups with whom I have met. And they are overwhelmingly village women.

I'll never forget the people I visited with in Africa, this women's group that ended the genital mutilation practice in their village and how they brought the handful of men who supported them to meet with me, because Hillary had previously met with them. This is very important.

I visited with Mohammad Yunus and people from the Grameen Bank in Bangladesh, and you talked about the telephone. The Grameen Bank is actually trying to finance a cell phone in every village in Bangladesh, because they see it's a moneymaker, and it connects poor people to the rest of the world. You just think about it, if you had a cell phone and, where there is electricity, if you had just one computer with a good screen, easily accessible, with good software and a printer, what a difference it could make.

The final thing I'd like to say, to echo what Henry Cisneros and what Bob Chase said is, the United States and other wealthy countries have got to start looking at this as a form of our future security. We don't spend nearly enough money on this stuff. I said I'm proud of the fact that AID, since I've been in, we've shifted our emphasis, and we financed 2 million microenterprise loans last year. We should have financed 20 million microenterprise loans or 30 million or 50 million.

People come to Mr. Wolfensohn all the time, other leaders of developing countries. They want him to finance big powerplants and big projects. What we really need to do is to take these things that work to scale. That's what Henry's talking about and what Bob's talking about. How can we take these things that work to scale?

And we've got to build, in our country particularly, a bipartisan consensus that recognizes that we'll get a lot more security out of financing more of these things than we will an extra fighter plane or an extra missile or an extra something else.

And I believe I've earned the right to say that, because I've supported increases in the defense budget every year I've been here. [*Laughter*] I supported improvements in the quality of life for the men and women in uniform. But you know, this is pocket change in the United States, to make a sea change in the rest of the world. And we have got to develop a global consensus for it.

And I think that the wealthy countries also need to consider whether we should increase the financing of the World Bank, because they're in the position—the people who work for the World Bank understand these things. They have the expertise. They should be doing it. We don't have to all do it through our national efforts.

But anyway, those are my observations. This can be done—I'll say again—the biotechnology of the 21st century and the information technology, if we can take it to scale, can close the divide. And if we don't, it will get worse. And no matter how you cut it, the wealthy countries are going to have to pony up most of the money.

And then the people that run these governments in the developing countries are going to have to understand that the opportunity returns of efforts like yours are greater, sometimes, than the opportunity returns of big projects that look bigger. The President of one African country I think is one of the best-governed countries in Africa told me that until I took him to a little village to show him the microenterprise projects, he didn't even know about it. He was too focused on how he was going to get financing for the next powerplant. Now, in his defense, ever since then he's been a great promoter of this.

But we've got to start thinking about taking things that work to scale, if we really believe that technology can help developing countries leapfrog a whole generation in what was otherwise a predictable and unavoidable pattern of economic development.

Who would like to say something? Yes? Please stand up and identify yourself and ask your question.

[*At this point, the question-and-answer portion of the session began.*]

The President. If I could just say, I think that if someone from another country were to ask me how they should structure their information dissemination based on our experience after the telecom act, I would go back to the first conversation I ever had with Vice President Gore about this, when he said, "You know, the two things we have to do is make sure that there are discounted rates so that every school, every library, and every hospital can access the information. And the second thing we have to do is to make sure that it's a pro-competition setup, so that people—no matter where they are, no matter how meager their resources are—have a chance to succeed as entrepreneurs, because they'll have an explosive impact." Those are basically the only two things we fought for in that telecom bill, and I think the results, in our country, at least, speak for themselves.

Yes sir, you had a question back there?

[*The question-and-answer session continued.*]

The President. I can only tell you what for me—I have supported every initiative of which I have been aware that would increase the access of disabled Americans to the workplace, and I believe that technology in this area will become more and more user-friendly, including user-friendly to the disabled. I think there are just—there will be, by definition, a market for it. And I think it's terribly important.

I noticed—it's interesting you said this—when I was in Mumbai, I stopped at two different schools for blind students and said hello to them, and I was thinking about that at the time. But I think, on balance, we should see this as a positive thing to the disabled community, because it's far more likely to bring more disabled citizens of the world into the new economy than it is to keep them out, as long as we make sure that as user-friendly technology is developed, it's made available on the most equitable possible basis.

[*The question-and-answer session continued.*]

The President. I have to bring this to a close, but let me tell you what I'm going to do here. We're going to have about a 15-minute break between now and the start of the final session. And what I would like to encourage you to do, if you have more questions, is to come up and talk to our panelists during the 15 minutes.

I want to close by giving our guests who have come the furthest away a chance to answer this question. Dr. Sen and Ms. Chatterjee, if you had $2 or $3 billion to spend on this topic, closing the global divide, how would you spend it? In India.

[*Dr. Sen and Ms. Chatterjee made brief remarks.*]

The President. Last comment, for Mr. Gates. The information technology revolution has created more billionaires in America in less time than ever before. And we have just scads of people worth a couple hundred million dollars which, to people like me, is real money. [*Laughter*] And what could I do as President, or what could we do, to encourage more philanthropy like the kind the Gates Foundation has manifested? And what can we do to make sure that we leverage all this so that there is some synergy in the movement of the philanthropic world toward this?

You know, 100 years ago, when J.P. Morgan and all these people made all their fortunes, they built great monuments to our culture, the great museums, the great public—the great libraries. But now, we have all these younger people who made lots of money who really want to transform society itself—really without precedent. We've always had some foundations that were interested in doing this. But the potential we have to leverage private wealth here through philanthropy to transform society, I think, is without precedent in history. What can we do to see that there are more efforts like the one you're making?

[*Mr. Gates made brief remarks.*]

The President. Let's give them all a hand. [*Applause*] We'll take a 15-minute break.

Thank you.

NOTE: The President spoke at 1:56 p.m. in the East Room at the White House. In his remarks,

he referred to Dorothy I. Height, chair and president emerita, United Council of Negro Women; Mohammad Yunus, founder and managing director, Grameen Bank, Bangladesh; and Chief Minister N. Chandrababu Naidu of Andhra Pradesh, India. The transcript released by the Office of the Press Secretary also included the remarks of the participants.

Remarks at the Third Session of the White House Conference on the New Economy

April 5, 2000

The President. All right. Please be seated, everyone; let's go. The final panel today is one of particular importance—to me at least—and that is, how can the new economy's tools empower civil society and government? And I'm going to call on Esther Dyson first, the founder and chairman of EDventure Holdings, because she has to catch a plane.

Ms. Dyson. I can stay.

The President. But you can go first, anyway—so there. [*Laughter*]

[*Ms. Dyson made brief remarks.*]

The President. Thank you. I think it would be good now—I'll just go over to Kaleil Tuzman, the cofounder and CEO of govWorks.com, to talk. The floor is yours.

[*Mr. Tuzman made brief remarks.*]

The President. Thank you. I'd like to now call on William Julius Wilson, who is now a professor of social policy at Harvard, the JFK School. He's been very generous with his time to me and to this administration over the last 7 years, and who I think, better than anyone else I know, chronicled the disappearance of work for minority males in inner cities as the economy changed and as jobs moved to the suburbs, and the implications that had for economic and social dislocation and racial tensions in our country.

So I would—I think the title of his last book was "When Work Disappears."

[*Professor Wilson made brief remarks.*]

The President. Let me say, as you know, we're trying to get another substantial increase in the earned-income tax credit, including one that would help working families with more than two children. The last time we—we nearly doubled the earned-income tax credit in '93, and it took—that helped us to move over 2 million people out of poverty.

Most of the people in poverty today, by American definitions, are working people, which would surprise a lot of Americans. It wouldn't surprise anybody from any developing country, where all the people in poverty are working people unless they're disabled. But it's also true in America, and I think it's very important.

And clearly, we ought to raise the minimum wage again. It still hasn't recovered its former levels. And indeed, all we will do if we raise it to my proposal is to basically recover where it was about 20 years ago in real dollar-purchasing-power terms. I hope we can do that.

I'd like to call on Professor Robert Putnam now, who is also at Harvard, and who gave us the concept of social capital, defined as "rules, networks, and trust," and has really, I think, broadened the understanding that we have of civil society and its role in how our economy works and how we all live together. And I also have the galley copy of your latest book, so you can hawk it, too, if you like. [*Laughter*] I think you should. "Bowling Alone," it's called. Worth it for the title alone. [*Laughter*] Go ahead.

[*Professor Putnam made brief remarks.*]

The President. Well, first of all, I thank you all, and I want to give you a chance to comment on what each other said. But let me just observe, every time I hear Bob Putnam speak, I think that Washington, DC, needs more social capital. And I'm not kidding. And I think, also, that there is a deep yearning for this sort of thing among young people.

We have a big increase in enrollment in the Peace Corps. We have a huge increase in AmeriCorps. We've had more people in AmeriCorps in 5 years than the Peace Corps had in 20 years. That shows you there's something to what you're saying, and I think it's very real. And I saw it in very stark ways. I'm thinking of this because we're coming up on the fifth anniversary of the Oklahoma